

jsimpson001@icloud.com

From: Jeffrey Simpson <jsimpson001@icloud.com>
Sent: Wednesday, July 23, 2025 5:26 PM
To: Jacquelyn Loftin
Cc: Benjamin Robert Rajotte
Subject: Re: Melrose Investor Update and Distribution

We did not see a response to this

Jeffrey Simpson

Sent from my iPhone

On Jul 18, 2025, at 6:25 AM, Jeffrey Simpson <jsimpson001@icloud.com> wrote:

Good morning,

These are the types of issues I am deeply concerned about and there is no question that fraudulent conveyances are occurring. The sale of these assets is happening under a court order that is half baked and deals with an operating company only and does not consider the real estate issues. This is the root issue of the JJ Arch bk appeal.

The moment that a YJ chapter 11 filing occurred, these guys ran to remove YJ as a defendant in the New York State action on purpose to avoid the inevitable discovery and investigation in conjunction of bankruptcy.

In addition the directly owned assets of JJ Arch have been deeply affected and continue to be under the receivership whereby two of the four assets have contractual obligations to YJ Simco.

Please let me know when we can review these matters before it simply too late.

Thank you

Jeffrey Simpson

Sent from my iPhone

Begin forwarded message:

From: Jeffrey Simpson <jsimpson001@icloud.com>
Date: July 17, 2025 at 1:00:00 AM EDT
To: Kevin Wiener <kwienner@35oak.com>
Cc: Benjamin Robert Rajotte <rajb@mllg.nyc>
Subject: Fwd: Melrose Investor Update and Distribution

This is totally inappropriate and improper .

The JJ investor member (at all properties) is controlled by me under all circumstances unless you're successful and trying to push your agenda via the receiver (or I'm dead) which you've tried to do multiple times and failed. You even asked to try to have the consents that you need to transact Executed-non protunc and that is not happening. You have committed fraudulent conveyances since this whole thing has started.

There is no secret about me transferring my investment shares to an entity controlled by me. You see jared did the same on the same day. This was done for estate planning purposes. This is put on the docket many months ago now by Allen Schwartz, who works for you. You see we all know that you own Jared, in conjunction with the signing of the joint defense agreement that you've been hiding it at all costs. Again, this has no impact on my managing member status of the JJ investment entities - it has no ability to remove me.

The JJ bankruptcy dismissal is a function of you meddling with it because you were scared to death of bankruptcy by your own admission in October 2023. So keep making up fictitious lies , it will not save you from you from your fraudulent and illegal activities. Why not mention the bankruptcy has a serious appeal in front of the court? Of course you won't recognize that. That's been the story since the beginning, Kevin bullying his way through the system trying to create a narrative that is purely fictitious and vindictive, all to blame me for your lack of liquidity. You should remind the investors that the day that you did what you did in state court this very lender immediately told you that the loan was full recourse to you and was called for your bad acts.

I really wish you understood how transfers worked and when Jared transferred his shares to you, that is not allowable under permitted transfers. And he had no right to do anything without my consent, anything at all - zero. And therefore he has not been a member of Arch or JJ Arch since August 2023., by his own admissions. So your dirty little plan of using him as part of the blueprint of July 19 2023 is all fictitious and is all a game that you play, like video games. The difference is, the guy who has never had an investor in his life who knows nothing about real estate who knows nothing about any of this, keeps pretending that he is some experienced real estate person and is knowledgeable to make real decisions when you are the farthest thing from a fiduciary. It is dumbfounding beyond. Why don't you recast the letter and tell them what you did to Forestdale , which was practically impossible?

I look forward to the day that your résumé is finally cemented as the guy who destroyed three companies in three different countries all because his family ran out of money and his brother was clueless on how to handle it properly, respectfully and deal with your problems where it doesn't hurt others around you. It is no secret that the blame game is the only one you know.

So the conclusion here is that you can correct the record or I will but I will not allow for your fictitious lies to be circulated to people inappropriately.

Again for the last time this is my business you were a passive investor, it was never ever built or considered corporately to allow for someone like you to jump in and destroy it and that will be addressed in the court proceedings at some point.

You can copy whoever you want or circulate it but I've only copied my attorney because I no longer have an understanding of who it is that represents you because those folks that you have clearly are all in conflict. Leslie, who was not a conflict she was as vindictive as you and ran away from this probably because you didn't pay her but that's OK we will figure that out also and she doesn't get to just disappear from her perjury and her support of your illegal activity.

Have a nice day.

Jeffrey Simpson

Sent from my iPhone

Begin forwarded message:

From: Arch Investor Relations
<investorrelations@archcre.com>
Date: July 16, 2025 at 8:22:51 PM EDT
To: Arch Investor Relations <investorrelations@archcre.com>
Subject: Melrose Investor Update and Distribution

Dear Arch Investors,

We are writing to provide an important update regarding your investment in the Melrose property located in West Palm Beach, Florida.

As discussed during our last investor call, Arch spent the first half of 2024 focused on increasing net operating income at the property in preparation for a potential refinance or sale. This was in response to the asset's approaching rate cap maturity and its negative cash flow of approximately \$900,000 per year. After conducting a dual-track process to evaluate both options, management determined that—despite challenging market conditions—an immediate sale would best preserve investor value.

Key Considerations:

- *Refinance Viability:* A refinance with an agency lender would have resulted in a \$5 million shortfall, requiring new preferred equity nearly equal to the original equity investment. Feedback from investors indicated limited appetite to fund this internally. External preferred equity would have carried a return profile that significantly diluted or eliminated recovery for existing investors under all but the most optimistic scenarios.
- *Bankruptcy Disruption:* In mid-2024, Jeffrey Simpson, former managing principal of Arch, filed a bankruptcy petition for an upper-tier entity. This action temporarily paralyzed Arch's ability to make key decisions. The Bankruptcy Court [later dismissed the filing as being in bad faith](#). However, the disruption made securing new agency financing for Melrose impossible.
- *Rate Cap Expiry and Cost of Delay:* Although the loan was to mature in August 2025, the rate cap was set to expire in 2024. Extending the hold period would have required either purchasing a new rate cap or posting a substantial interest reserve—both costly options. We estimated that delaying the sale would have required an additional \$700,000 in member loans, repayable with 18% interest, and a 2025 sale price at least \$900,000 higher just to maintain current equity value. Given market trends, this was deemed unlikely. Indeed, there has been no substantial increase in the south Florida multifamily market this year.

Sale Outcome:

Following a comprehensive marketing process, the Melrose property was sold in November 2024 for \$17.5 million—approximately \$500,000 below its 2022 purchase price. Considering that multifamily property values declined by an average of 25% between Q2 2022 and Q3 2024, we believe this was a strong outcome under prevailing conditions.

Distribution Details:

After payment of debt, member loans and closing costs, approximately \$778,000 remains for pro-rata distribution to investors, representing a recovery of 13.5% of the original equity investment. Of this amount, \$150,000 will be held in reserve until one year post-sale. The remaining \$628,000 will be distributed this month, with the final distribution expected in December.

To receive your distribution, please email

melrose@archcre.com with your:

- Full name
- Current mailing address
- Wire instructions
- Telephone number (for verification)

You will also receive a final K-1 for this investment later this summer.

Note for JJ Haverhill LLC Investors:

If you invested through JJ Haverhill LLC, we are currently unable to distribute funds directly to you, as this entity is not under Arch's control. While it was previously managed by Jeffrey Simpson, he now claims to have transferred his interest to another company currently in Chapter 7 bankruptcy. We are actively working to clarify who is responsible for managing JJ Haverhill LLC and for distributing proceeds to its investors. We are also unable to provide you with a K-1, as your K-1 must be issued by JJ Haverhill LLC.

Thank you for your continued trust and patience.

Yours sincerely,

INVESTOR RELATIONS

investorrelations@archcre.com

348 W 57th St, Suite 172, New York, NY 10019

